

## Services Industry Trends

Presentation to

Cap Gemini Sogeti  
University Château de Béhoust

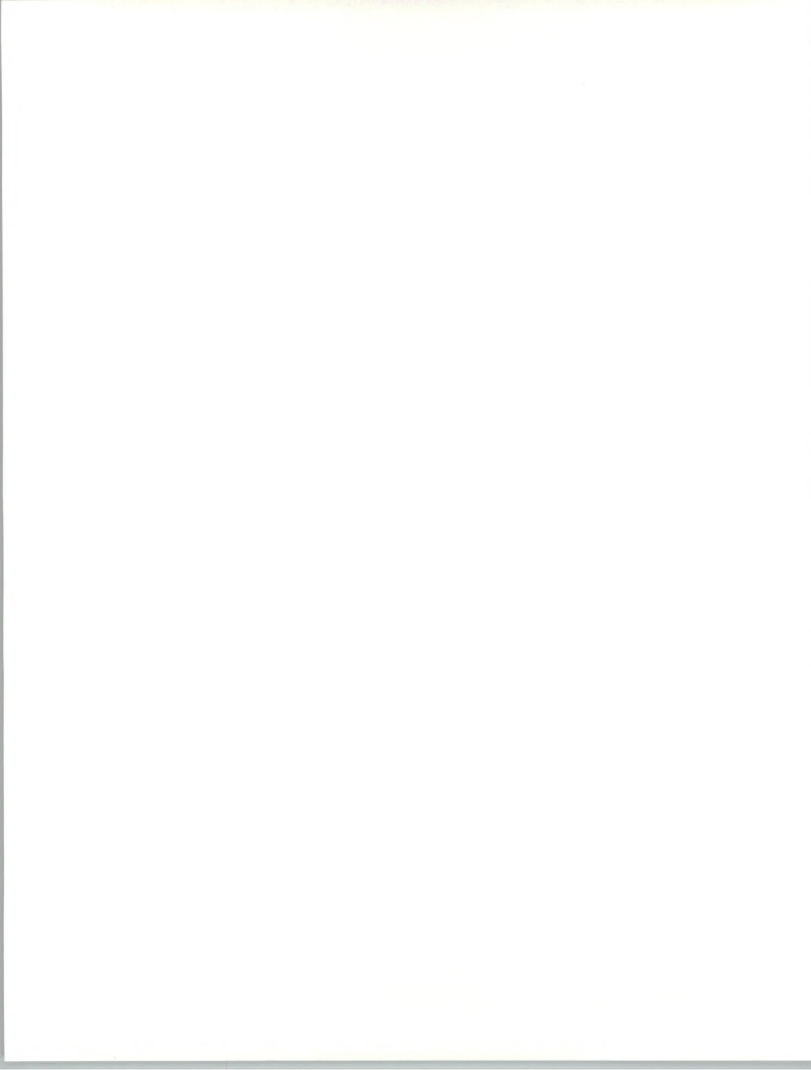
May 12-14, 1992

Sylvie Bénech  
Operations Manager  
France

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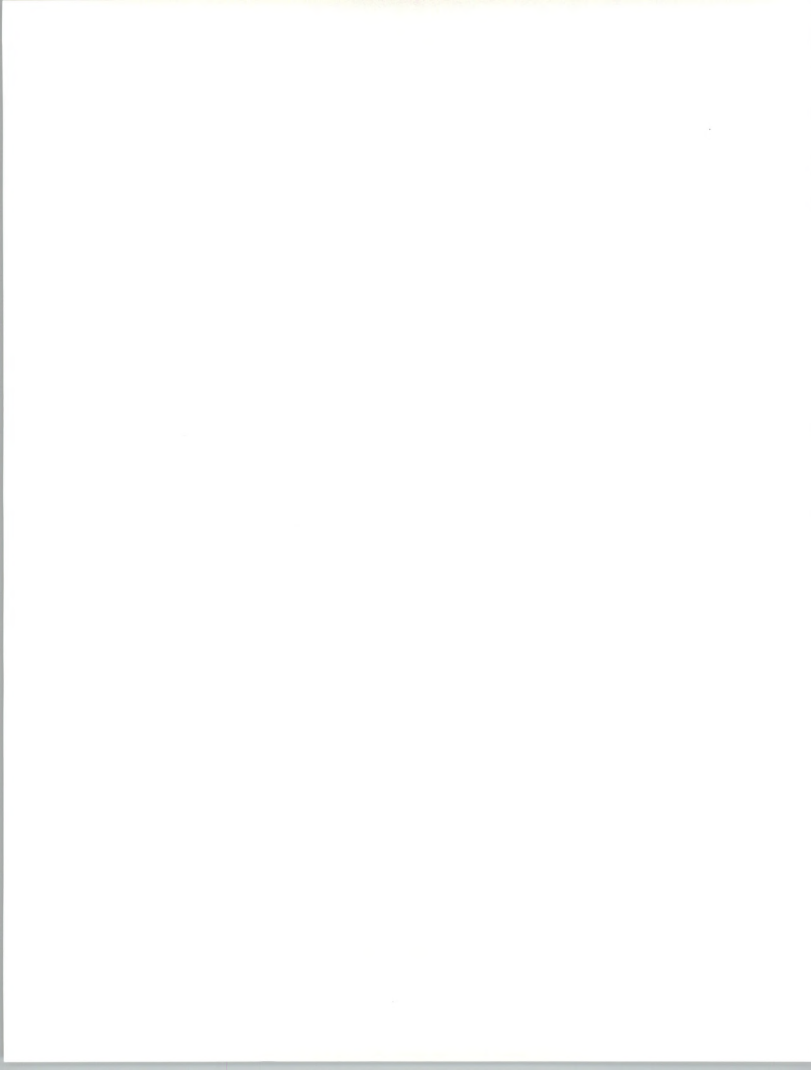
# Services Industry Trends 1996—Primary Forces

- The Economy
- The Market Size
- The Influence of Large Vendors

AIFRE 5/12-1

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Notes



## Services Industry Trends 1996—Primary Forces

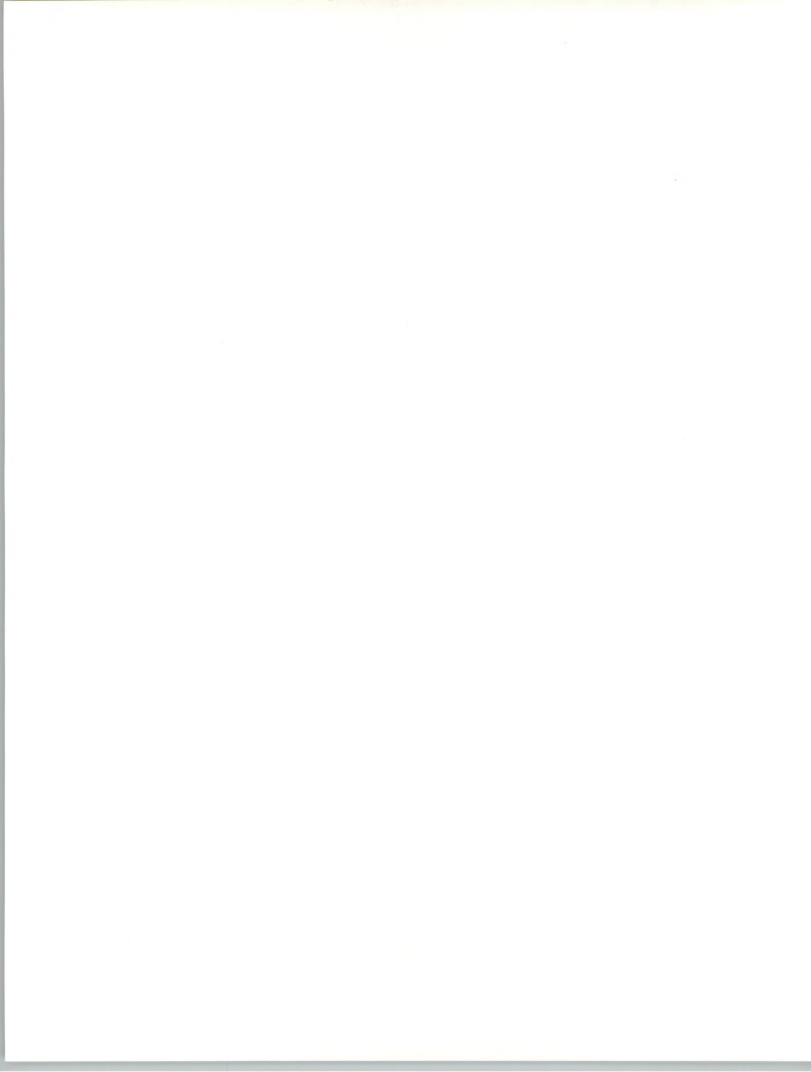
- Downsizing
- The Changing Buyer
- Outsourcing
- The Standards Process

AIFRE 5/12-2

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Notes

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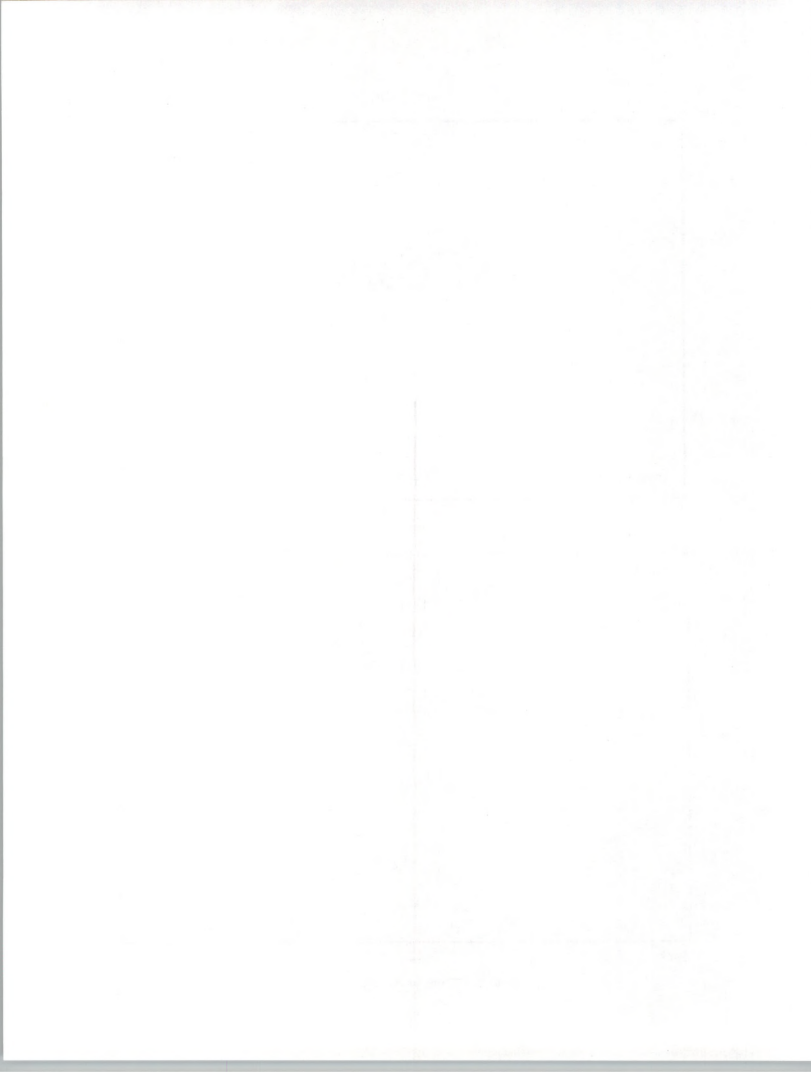


# The Economy

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Notes





## Weak Economy

- Lingering recession delays decisions
- Information systems under tight control
- Information systems budgets—5% to 10% increase
- Vendor investment is slowed

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AIFRE 5/12-4

Notes



## IT User Expenditure Europe—Historical Growth

Category	1981 (\$B)	CAGR (Percent)	1991 (\$B)
Systems	25	9	60
Systems Software	1	28	12

AIFRE 5/12-5

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Notes



## IT User Expenditure Europe—Historical Growth

Category	1981 (\$B)	CAGR (Percent)	1991 (\$B)
Equipment Maintenance	5	12	15
Services	9	20	58
Total	40	14	145

AIFRE 5/12-6

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Notes



# The Market Size

AIFRE 5/12-7

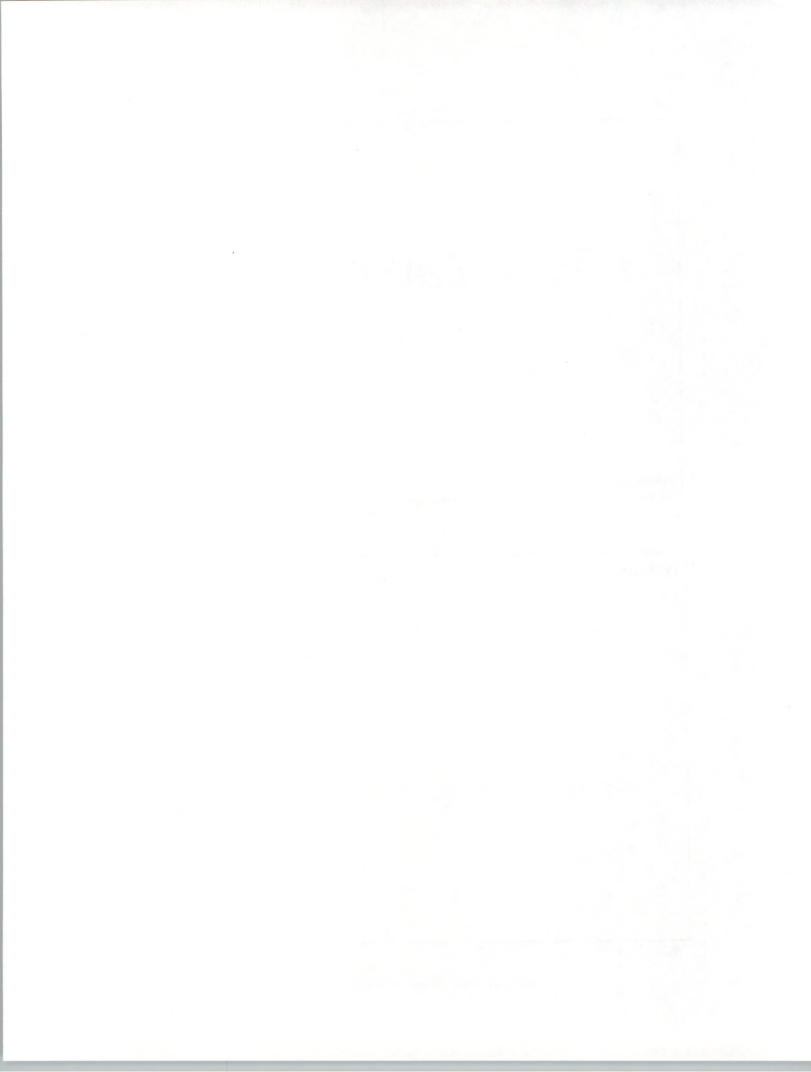
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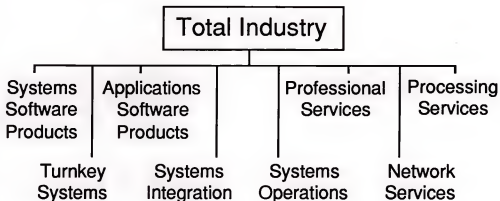
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# Information Services Industry Structure



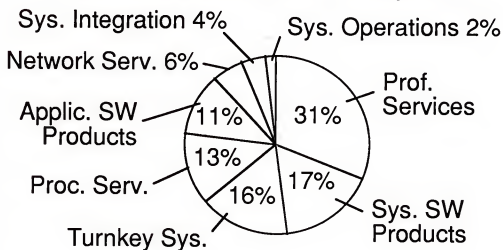
IS-2

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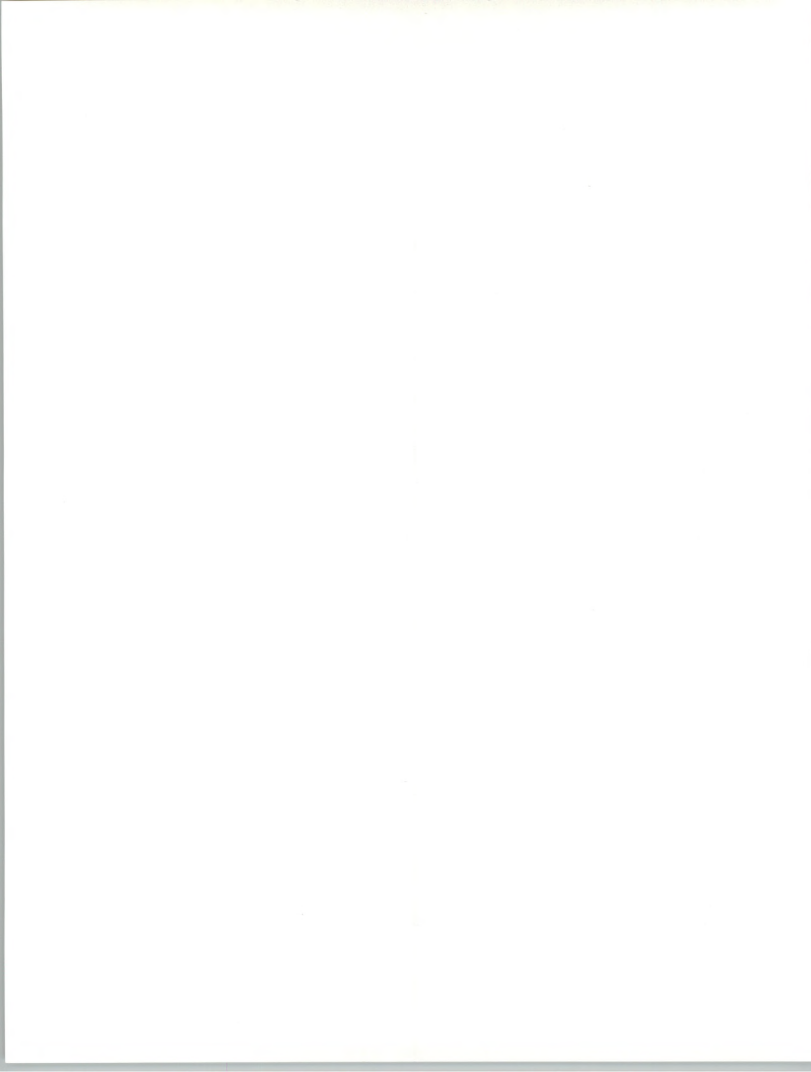
## Delivery Mode Analysis



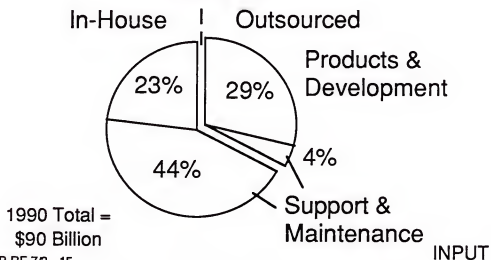
MEMAP-RF-9/30-9

1991 Total Market = \$77 B INPUT

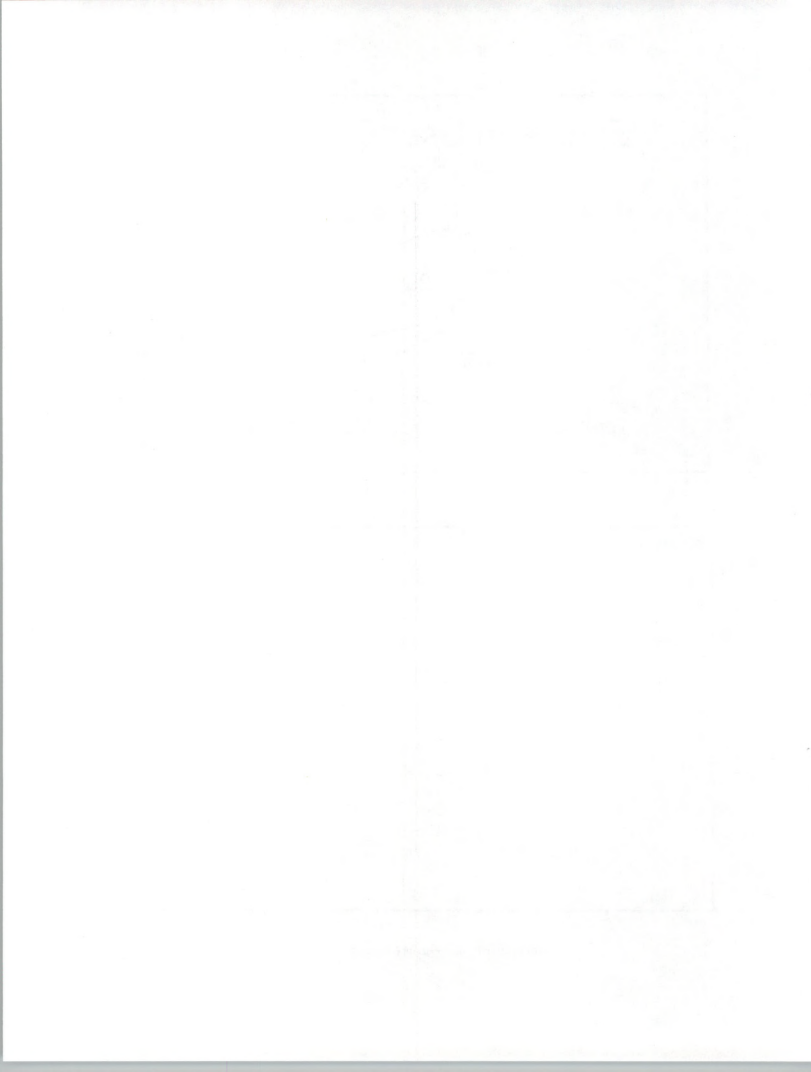
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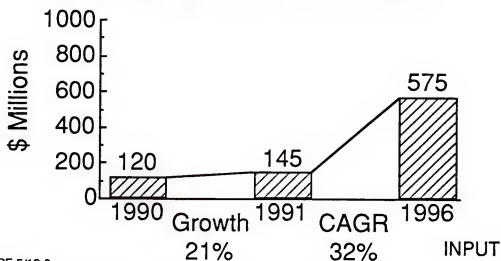
## European User Software Budgets



Notes

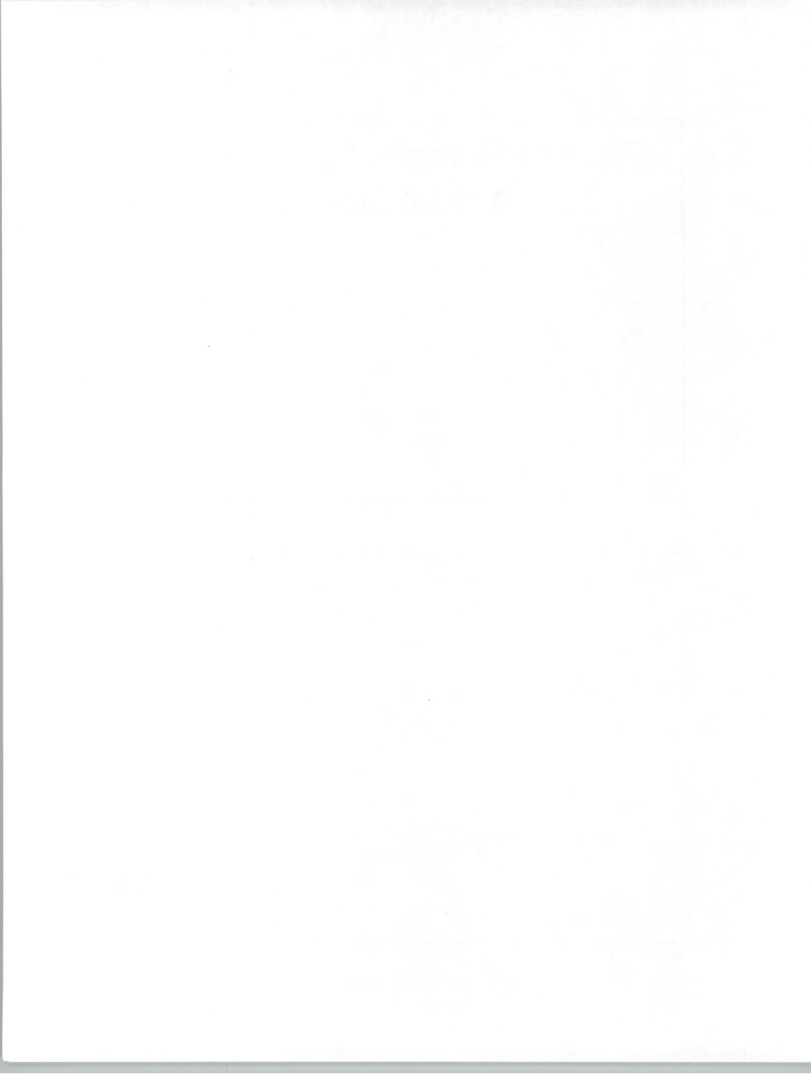


## Eastern Europe, 1991-1996 Software and Services



AIFRE 5/12-8

Notes





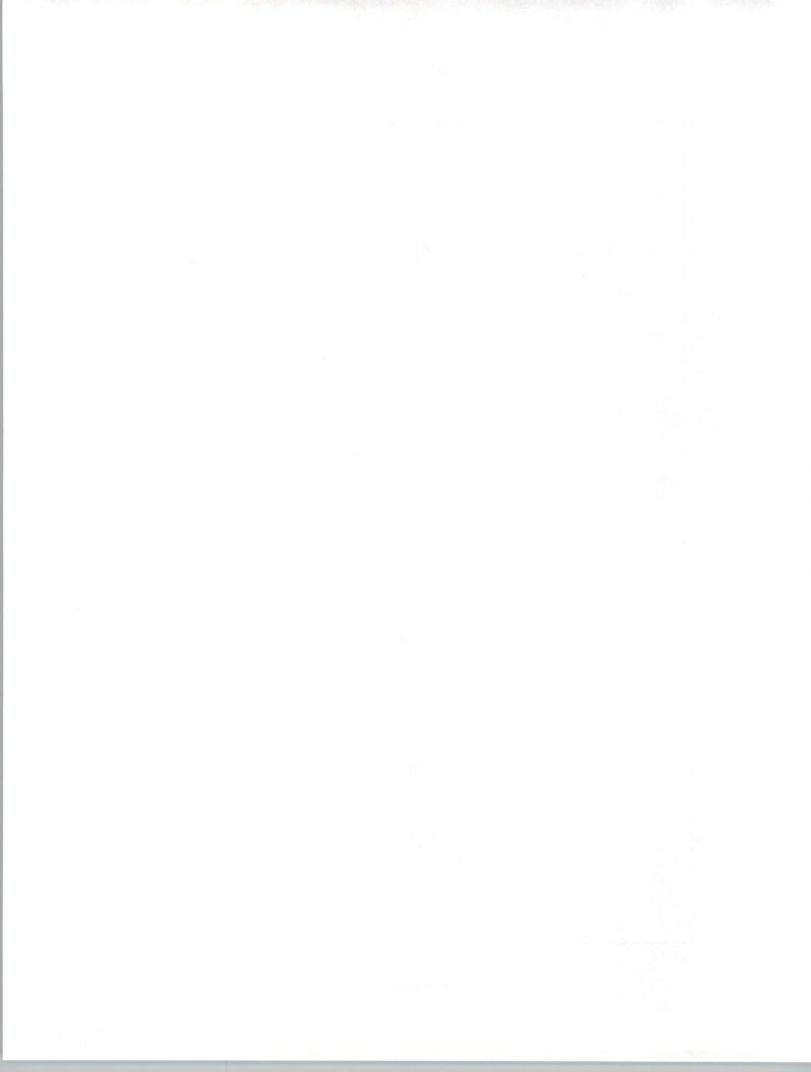
# The Influence of Large Vendors

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## Increasing Influence of Large Vendors

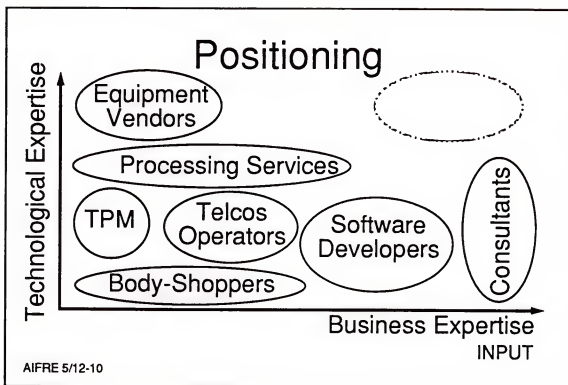
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- Market share creeping up
- Outsourcing favors larger vendors
- Slows technological change and adoption

IS-62

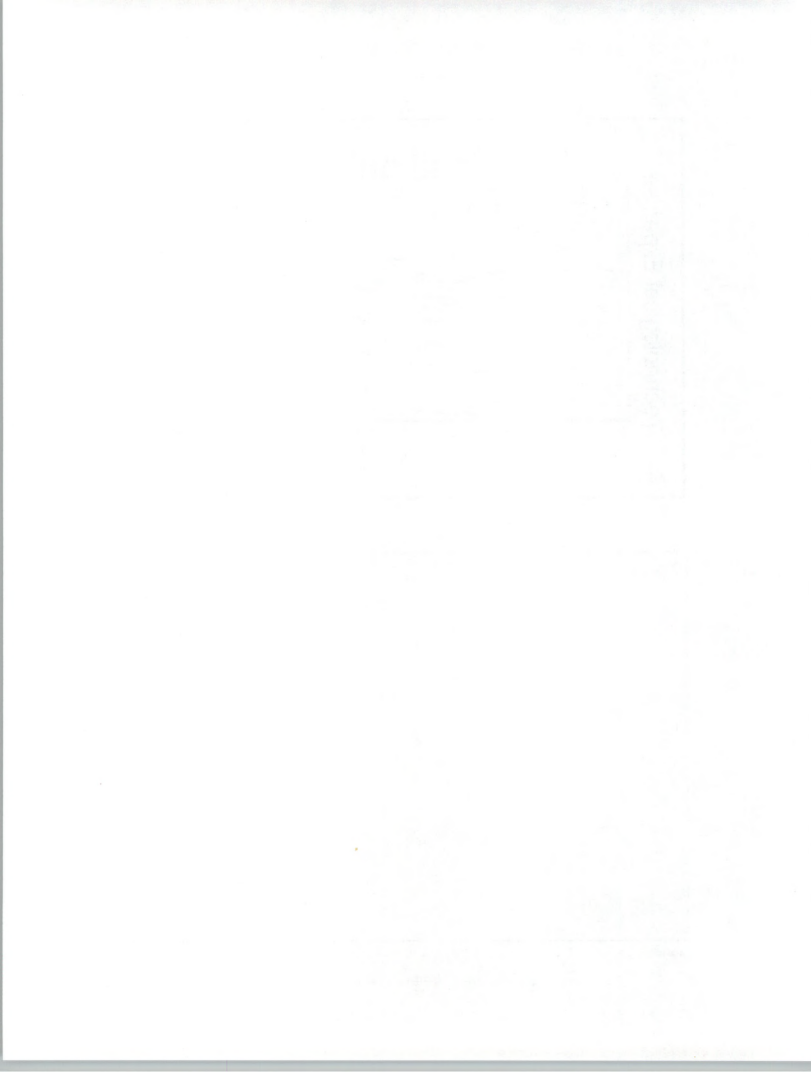
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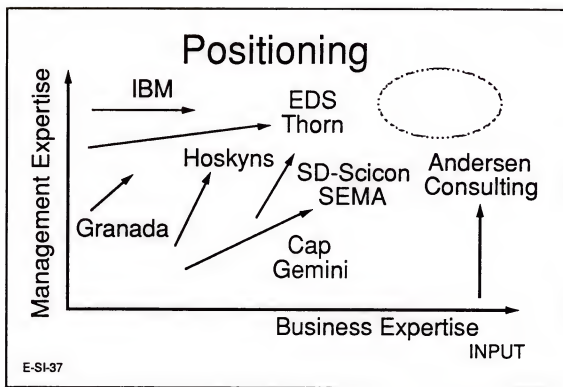
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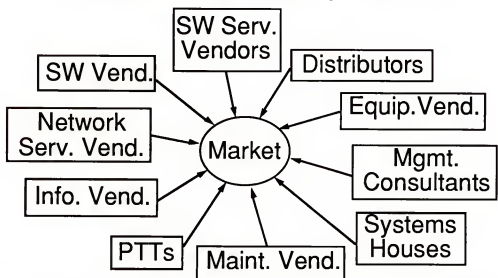


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## Increasing Competition



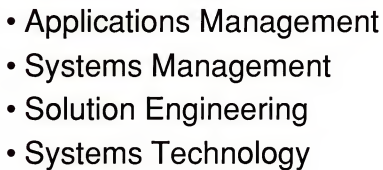
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## Vendor Added Value

- 
- Applications Management
  - Systems Management
  - Solution Engineering
  - Systems Technology

MEMAP-RF-9/4- 4

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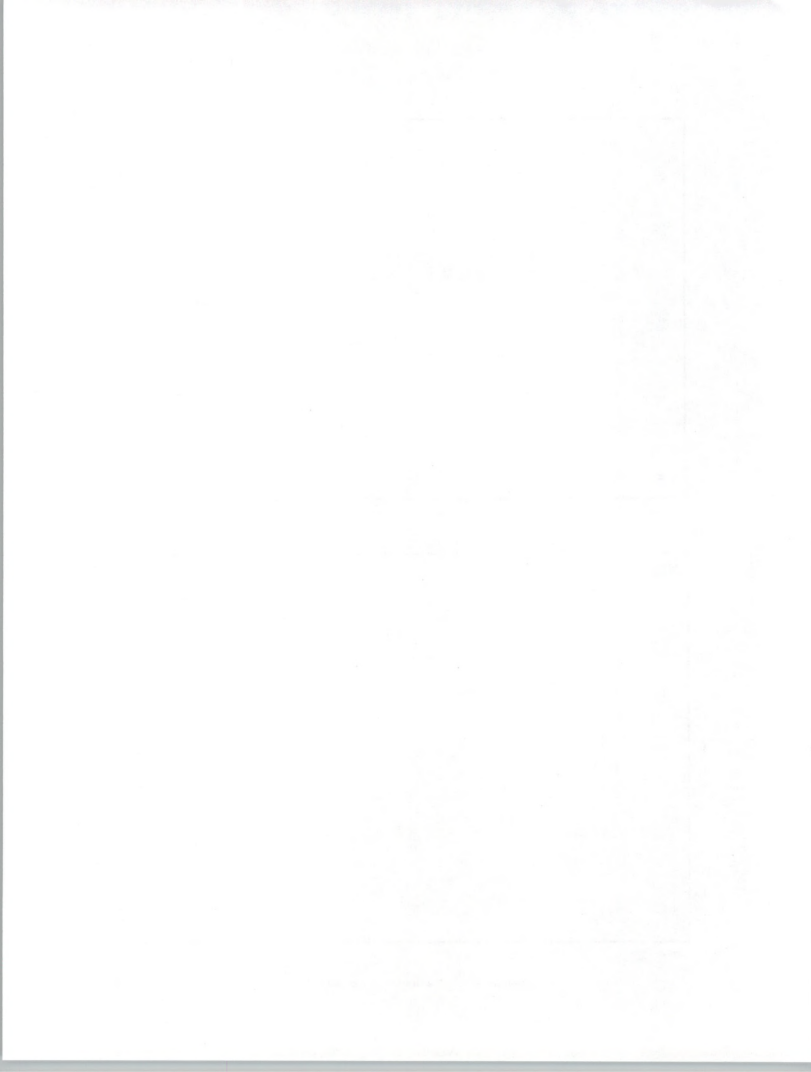
# Downsizing

AIFRE 5/12-11

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Notes

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## Downsizing What Is Its Meaning?

- Something new
- Something old
- Downsizing = Upsizing
- Downsizing = Smartsizing = Upsizing

AIFRE 5/12-12

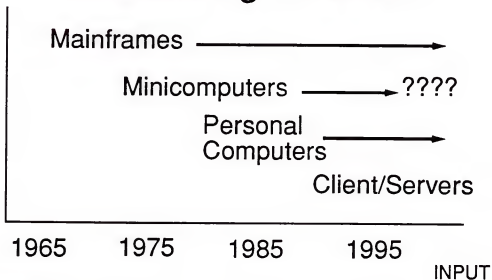
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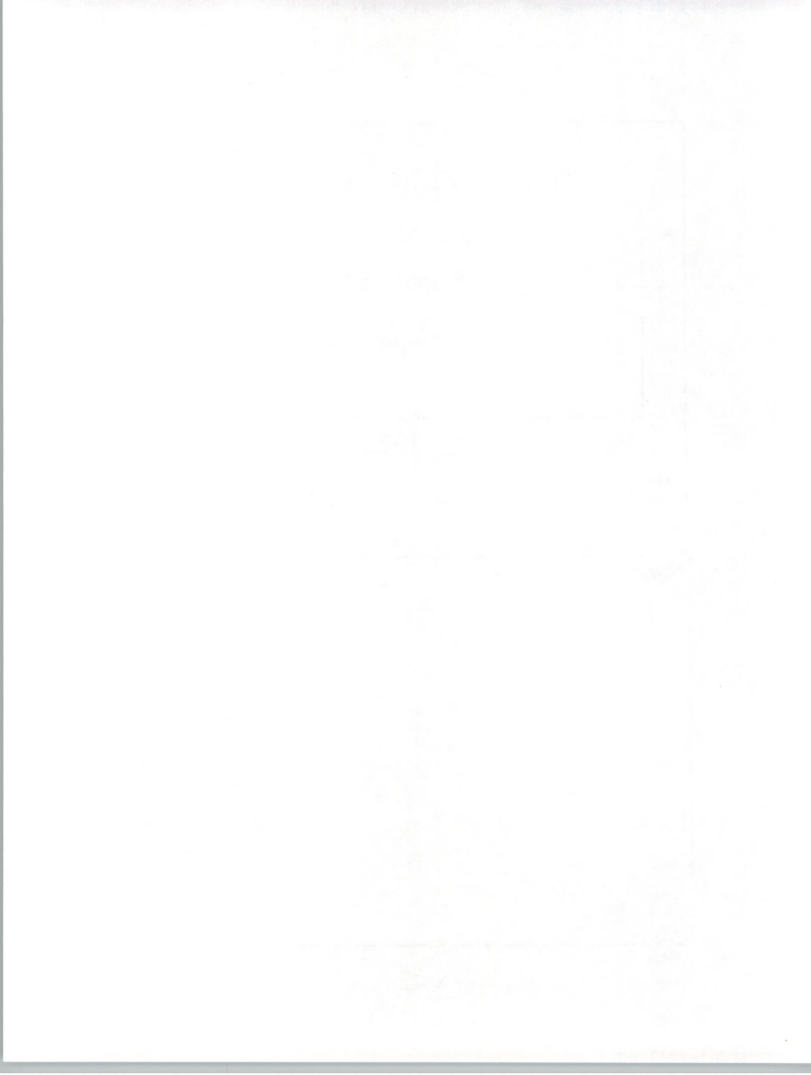




## Downsizing Timeline



Notes



## Downsizing What Are the Motivations?

- Lower costs
- Distribute data bases
- Improve productivity and return on investment
- Put the power in the hands of the users

AIFRE 5/12-14

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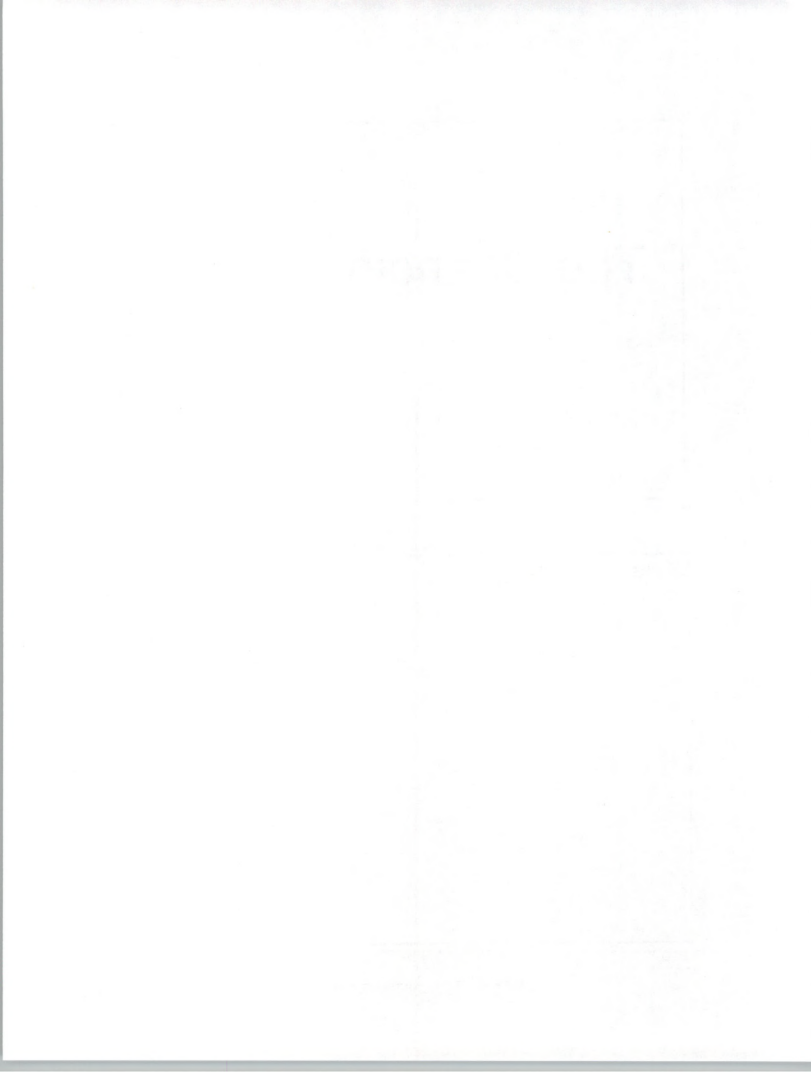


# The Changing Buyer

AIFRE 5/12-15

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Notes



## The Changing Buyer

- General manager becomes primary buyer
- IS becomes internal consultant
- Solutions versus technology

IS-64a

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Notes





## The Changing Buyer

- Decisions become larger—  
take longer
- The budget is  
decentralized—multiple buyers

IS-64b

Notes



# Revolutions or Evolutions?

- Re-engineering
  - Organization: All or parts
  - IS Organization

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IS-95

Notes



# Re-engineering the Organization

- Slow
- Not driven by IS
- Must have outside agency
- Must include IT

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Notes



## Re-engineering IS

- Used to be a separate function
- Now being integrated into organization
- Will it disappear?

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IS-96

Notes

The first part of the paper discusses the importance of understanding the underlying mechanisms of the observed phenomena. It is argued that a comprehensive understanding of the system requires a detailed analysis of the various factors that influence its behavior. This involves identifying the key variables and their interactions, as well as the underlying processes that govern the system's dynamics.

In the second part, the authors present a series of experiments designed to investigate the effects of different parameters on the system's performance. The results of these experiments are presented in a series of tables and figures, which show that the system's behavior is highly sensitive to changes in the input parameters. This sensitivity is particularly pronounced in the case of the parameter  $\alpha$ , which appears to have a significant impact on the system's overall performance.

The third part of the paper focuses on the development of a theoretical model that can explain the observed results. This model is based on a set of assumptions that are derived from the experimental data, and it is used to predict the system's behavior under various conditions. The model's predictions are compared with the experimental results, and it is found that the model provides a good fit to the data, suggesting that the underlying mechanisms proposed in the model are valid.

Finally, the paper concludes with a discussion of the implications of the findings for the design and optimization of the system. It is suggested that the results of this study can be used to guide the selection of input parameters and the design of the system's components, in order to achieve the desired performance. Further research is needed to explore the system's behavior under more complex conditions, and to develop more sophisticated models that can capture the system's dynamics more accurately.



# Outsourcing

OU-43

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Notes

10/7/91



Outsourcing is the  
contracting of information  
systems processes to  
external vendors.

OU-6a

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Notes



## "Outsourcing" vs. Buying Services

- Greater commitment on part of buyer
- "Partnership"
- Responsibility/risk for vendors

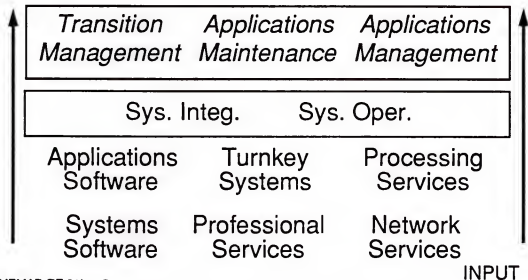
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OU-11

Notes



## Product and Service Trends



Notes

the 1990s, the number of people with a mental health problem has increased by 50% (Mental Health Foundation 2000). The prevalence of mental health problems has increased in the general population, and the incidence of mental health problems has increased in the prison population.

There is a growing awareness of the need to address the mental health needs of prisoners. The Department of Health (2000) has published a strategy for mental health services, which includes a commitment to improve the mental health of prisoners. The Department of Health (2000) has also published a strategy for mental health services, which includes a commitment to improve the mental health of prisoners.

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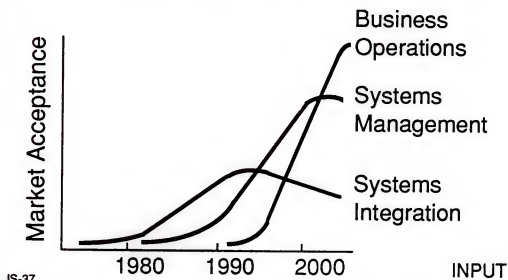
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# Outsourcing Market Waves



Notes

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The first two are the most common and are often used interchangeably.

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# The Standards Process

AIFRE 5/12-16

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# The Systems Industry— Past

Operating environments protected  
core systems prices

INPUT

IS- 92

Notes



# The Systems Industry— Now Open Systems

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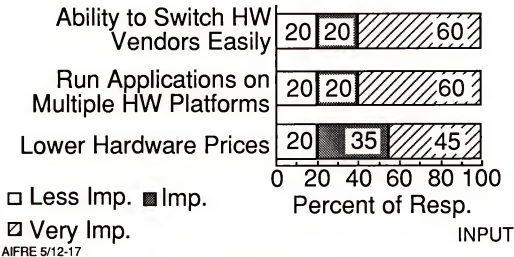
IS-93

Notes





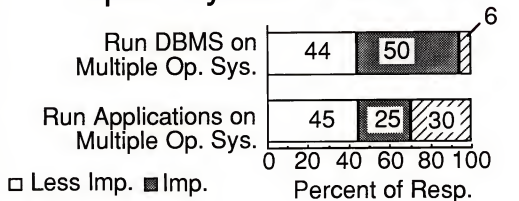
## Importance of Open System Benefits



Notes



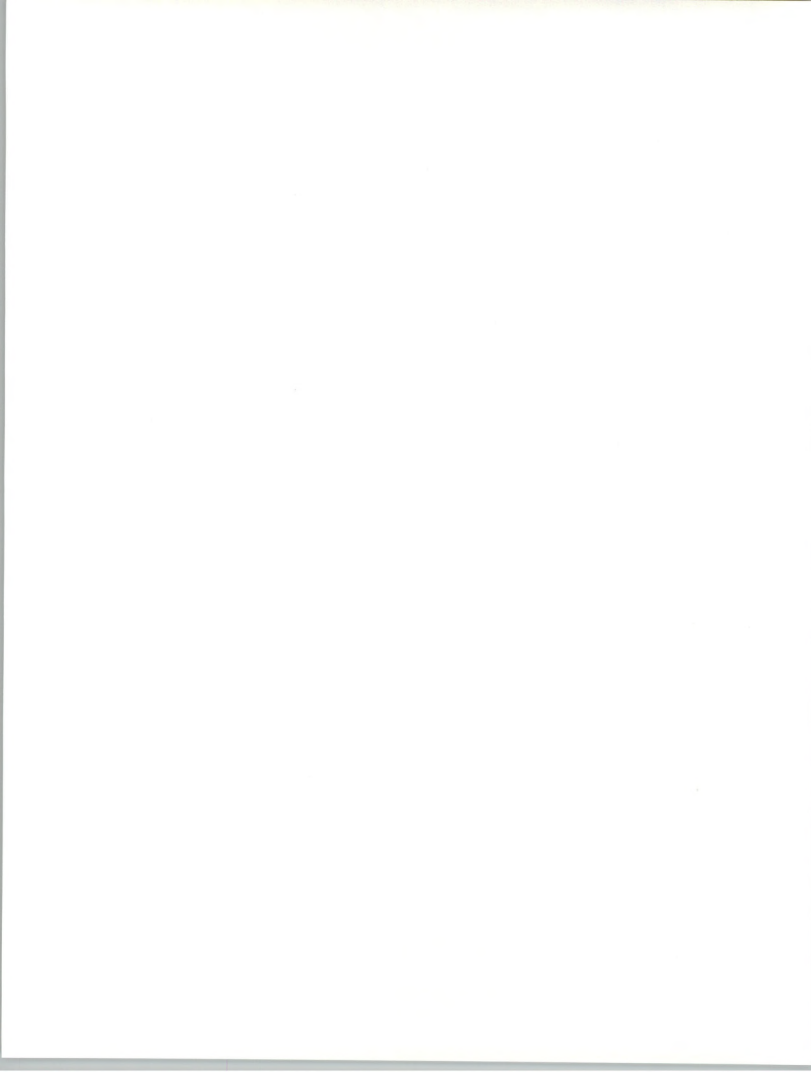
# Importance of Open System Benefits



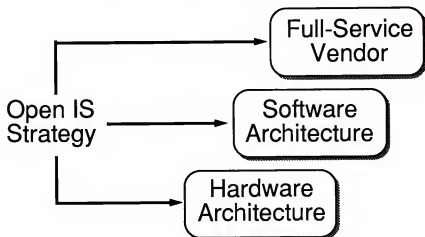
AIFRE 5/12-18

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Notes



# Vendor Selection Trends



MEMAP-RF-9/4- 11

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Notes



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# Services Industry Trends 1996—Primary Forces

- The Economy
- The Market Size
- The Influence of Large Vendors

AIFRE & MEMAP  
Fails!  
Some pulled for  
DEOSP prstn.  
6/12

AIFRE 5/12-1



# Services Industry Trends 1996—Primary Forces

- Downsizing
- The Changing Buyer
- Outsourcing
- The Standards Process

AIFRE 5/12-2



# IT User Expenditure Europe—Historical Growth

Category	1981 (\$B)	CAGR (Percent)	1991 (\$B)
Systems	25	9	60
Systems Software	1	28	12

AIFRE 5/12-5



## IT User Expenditure Europe—Historical Growth

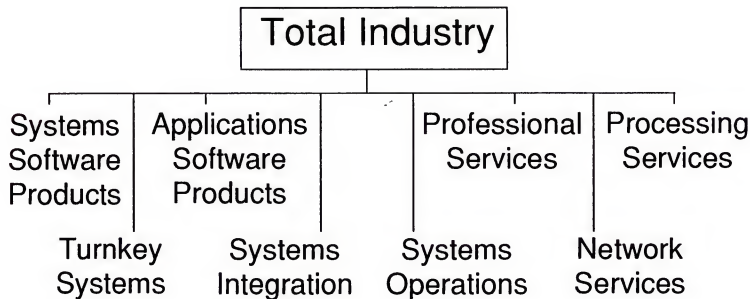
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AIFRE 5/12-6





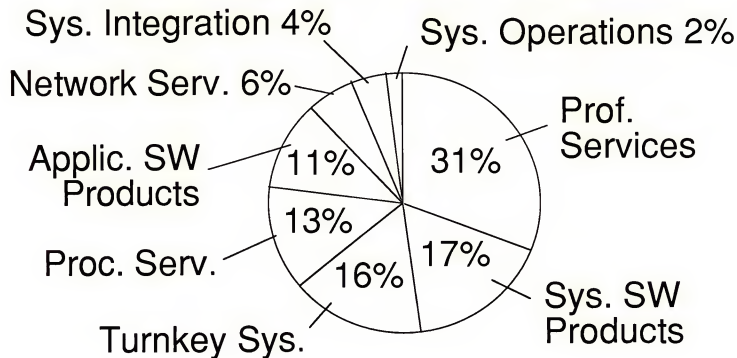
# Information Services Industry Structure



IS-2



# Delivery Mode Analysis



MEMAP-RF-9/30-9

1991 Total Market = \$77 B



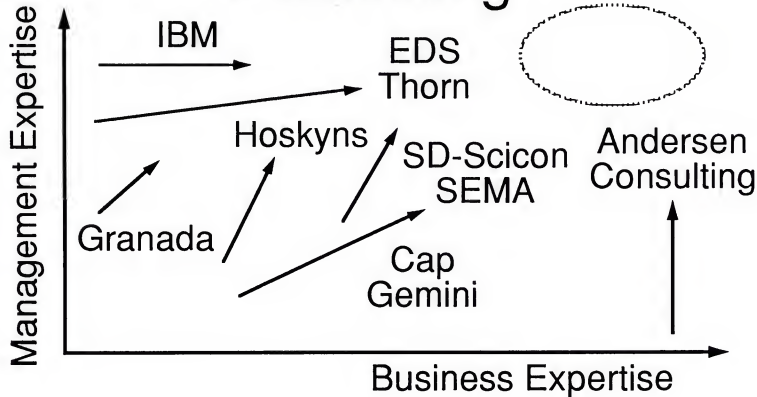
# Increasing Influence of Large Vendors

- Consolidation continues
- Market share creeping up
- Outsourcing favors larger vendors
- Slows technological change and adoption

IS-62



# Positioning

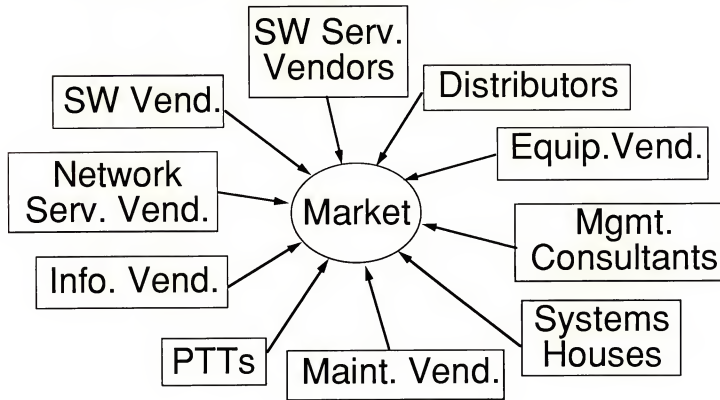


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# Increasing Competition



MEMAP-RF-9/4-16



# Vendor Added Value



- Applications Management
- Systems Management
- Solution Engineering
- Systems Technology



MEMAP-RF-9/4- 4



# Downsizing What Is Its Meaning?

- Something new
- Something old
- Downsizing = Upsizing
- Downsizing = Smartsizing = Upsizing

AIFRE 5/12-12



# The Changing Buyer

- General manager becomes primary buyer
- IS becomes internal consultant
- Solutions versus technology

IS-64a





# The Changing Buyer

- Decisions become larger—  
take longer
- The budget is  
decentralized—multiple buyers

IS-64b



# Revolutions or Evolutions?

- Re-engineering
  - Organization: All or parts
  - IS Organization

IS-95



# Re-engineering the Organization

- Slow
- Not driven by IS
- Must have outside agency
- Must include IT



# Re-engineering IS

- Used to be a separate function
- Now being integrated into organization
- Will it disappear?





# Outsourcing

OU-43



Outsourcing is the  
contracting of information  
systems processes to  
external vendors.

OU-6a

the 1990s, the number of people in the world who are under 15 years of age has increased from 1.1 billion to 1.5 billion, and the number of people aged 65 and over has increased from 0.2 billion to 0.4 billion (United Nations 1999).

There is a growing awareness of the need to address the needs of children and young people in the 21st century. The United Nations Convention on the Rights of the Child (1989) has been widely ratified, and the United Nations Millennium Declaration (2000) has set out a commitment to 'ensure that all children, everywhere, have access to primary education by 2015'. The United Nations Secretary-General Kofi Annan (1999) has called for 'a new global compact for children', and the World Bank (2000) has identified 'improving the quality of education' as one of its key priorities for the 21st century.

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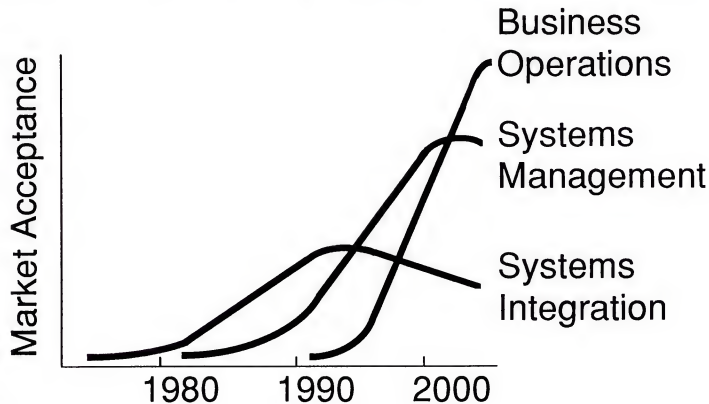
# “Outsourcing” vs. Buying Services

- Greater commitment on part of buyer
- “Partnership”
- Responsibility/risk for vendors

OU-11

The first part of the paper discusses the importance of understanding the cultural context of the research. It highlights the need for researchers to be sensitive to the values and beliefs of the communities they are studying. This is particularly important in the field of education, where cultural differences can significantly impact learning outcomes. The paper then moves on to discuss the challenges of conducting research in culturally diverse settings. It notes that researchers often face difficulties in establishing rapport with participants and in interpreting their responses. To address these challenges, the paper suggests several strategies, including the use of local researchers and the development of culturally appropriate research instruments. The final part of the paper discusses the importance of ethical considerations in cross-cultural research. It emphasizes the need for researchers to obtain informed consent from participants and to ensure that their research does not cause harm to the communities they are studying.

# Outsourcing Market Waves



IS-37





# The Systems Industry— Past

Operating environments protected  
core systems prices

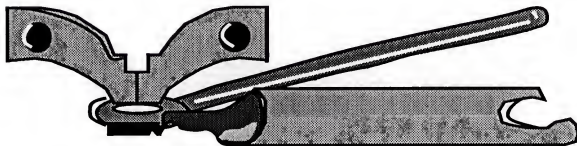
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# The Systems Industry— Now

Open Systems

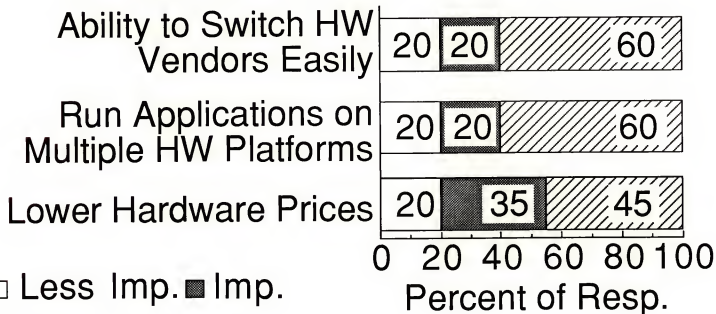
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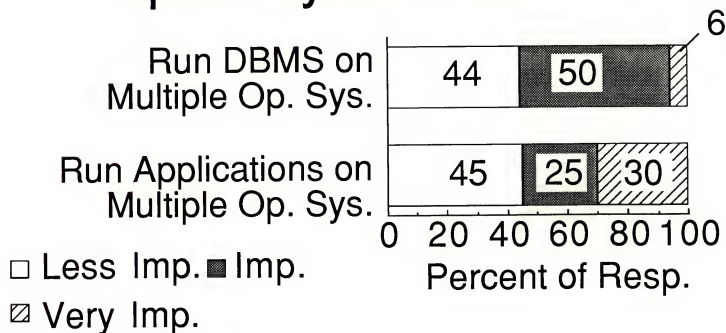
# Importance of Open System Benefits



AIFRE 5/12-17



# Importance of Open System Benefits

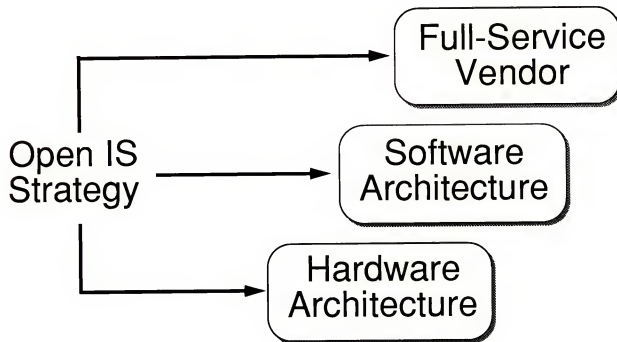


AIFRE 5/12-18





# Vendor Selection Trends



MEMAP-RF-9/4-11

